

Sheryl (Sherry) L. Herauf
Director
Federal Regulatory Relations

1275 Pennsylvania Avenue, N.W., Suite 400
Washington, D.C. 20004
(202) 383-6424

PACIFIC  **TELESIS**
Group - Washington

EX PARTE OR LATE FILED

March 20, 1997

EX PARTE

RECEIVED

MAR 20 1997

Federal Communications Commission
Director's Office

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop Code 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

RE: CC Docket No. 96-128, Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, Comparably Efficient Interconnection Plan for the Provision of Basic Telephone Service

In the Matter of Revisions to Nevada Bell Tariff F.C.C. No. 1, Transmittal No. 223

In the Matter of Revisions to Pacific Bell's Tariff F.C.C. No. 128, Transmittal No. 1905

Dear Mr. Caton:

Today the attached letter was sent to Mr. James Schlichting, Chief, Competitive Pricing Division, in response to his request regarding details filed in the federal tariffs associated with the above referenced proceedings.

Please include this letter in the record of each of these proceedings in accordance with Section 1.1206(a)(1) of the Commission's Rules.

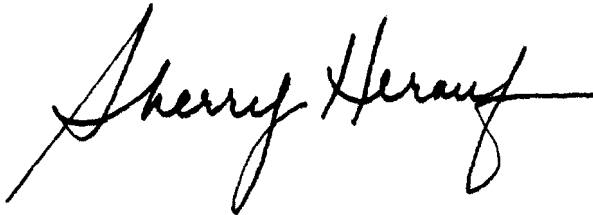
Acknowledgement and date of receipt of this notice are requested. A duplicate copy is attached for this purpose.

No. of Copies rec'd
List ABCDE

021

Please contact me if you have any questions concerning this matter.

Very truly yours,

A handwritten signature in black ink, reading "Sherry Heranz". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Attachment

cc: Mr. James Schlichting, Chief, Competitive Pricing Division
Mr. Richard Welch, Chief, Policy and Program Planning Division
Mr. Christopher Heimann, Policy and Program Planning Division
Mr. John Muleta, Chief, Enforcement Division
Ms. Rose Crellin, Enforcement Division
Ms. Judy Nitsche, Chief, Tariff Price Analysis Branch
Mr. Steve Funkhouser, Tariff Price Analysis Branch

1010 Wilshire Boulevard, Suite 1501
Los Angeles, California 90017-5601
Fax (213) 481-1067
Writer's Direct No.:

(213) 975-3287

PACIFIC * TELESIS
Legal Group

March 20, 1997

Mr. James Schlichting
Chief, Competitive Pricing Division
Common Carrier Bureau
Federal Communications Commission
Mail Stop 1600C
1919 M Street, N.W., Room 518
Washington, D.C. 20554

Dear Mr. Schlichting:

**Re: CC Docket No. 96-128, Implementation of the Pay Telephone
Reclassification and Compensation Provisions of the
Telecommunications Act of 1996, Comparably Efficient
Interconnection Plan for the Provision of Basic Telephone Service**

***In the Matter of Revisions to Nevada Bell Tariff F.C.C. No. 1,
Transmittal No. 223***

***In the Matter of Revisions to Pacific Bell Tariff F.C.C. No. 128,
Transmittal No. 1905***

Pacific Bell and Nevada Bell hereby respond to the request by Mr. Richard Welch for an explanation why our CEI Plan complies with the federal tariffing requirements of the Payphone Reconsideration Order,¹ and to the questions we received from the Competitive Pricing Division on March 14, 1997.

As explained in more detail below, we did not federally tariff any features and functions because our pay telephone operations will use no unbundled basic network features and functions that are not already federally tariffed. We believe our CEI

¹ *In the Matter of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128, CC Docket No. 91-35, Order on Reconsideration, released November 8, 1996 ("Payphone Reconsideration Order").

Mr. James Schlichting
March 20, 1997
Page Two

Plan complies with the Payphone Reconsideration Order² because we understood that Order to require tariffing of only those unbundled basic network features and functions used by a LEC's payphone operations.

In paragraph 162 of the Payphone Reconsideration Order, the Commission "established a requirement that LECs provide tariffed payphone services to independent payphone providers that they provide to their own payphone operations. . . . [A]ny basic network services or unbundled features used by a LEC's operations to provide payphone services must be similarly available to independent payphone providers on a nondiscriminatory, tariffed basis. Those unbundled features or functions must be tariffed in the state and federal jurisdiction."³ The Commission expressly declined to require federal tariffing of basic payphone lines: "LECs are not required to file tariffs for the basic payphone line for smart and dumb payphones with the Commission."⁴

As required in the Payphone Reconsideration Order, we filed state tariffs for basic payphone lines for smart and dumb payphones. Through these state tariffs, our own payphone operations will take the same tariffed payphone services that are available to independent PSPs. However, our payphone operations presently do not intend to take any unbundled features. As we add new unbundled services pursuant to the ONA unbundling process or state requirements, we will tariff them at both the state and federal levels.⁵

The following responds to the specific questions from the Competitive Pricing Division:

1. Did we file every feature and function that our pay telephone operations are using (whether or not those operations are separate affiliates)? If not, what state tariffed features and functions are available that are not in the interstate tariffs? These features and functions should include those that are payphone related and those that are not.

² Id. at para. 163.

³ Id. at para. 162.

⁴ Id. at para. 163.

⁵ Some commenters requested certain new features not currently provided to either independent PSPs or to our PSP on either a bundled or unbundled basis. Any such request should be subject to the ONA 120 day process.

Mr. James Schlichting
March 20, 1997
Page Three

Response: By "features and functions," we understand the Commission to mean basic network features and functions that are payphone specific. We do not understand the federal tariffing requirement to encompass services that PSPs might use that are not basic network services, such as inside wire, business discount plans, billing and collection services, operator services, coin refund, repair reporting, mediated access to operations support systems, and number referral service.⁶ We did not federally tariff any basic network features and functions. Our pay telephone operations will use no such features and functions that are not already federally tariffed, apart from those bundled in the basic payphone lines offered in our state tariffs.⁷ See Attachment 1 for a matrix of services.

2. Did we file in the federal tariff every feature and function that an independent PSP has available to it in its state tariffs? If not, what tariffed features and functions are available that are not in the interstate tariffs?

Response: We did not. Paragraphs 162 and 263 of the Payphone Reconsideration Order required us to federally tariff only those unbundled features and functions "used by a LEC's operations to provide payphone services" Our payphone operations will use no unbundled features and functions that are not federally tariffed.

In Pacific Bell's territory, independent PSPs can separately purchase answer supervision (independent PSPs have purchased answer supervision for approximately three lines). Answer supervision is available to any voice grade lineside service. A copy of the relevant tariff page is attached (see Attachment 2). Our payphone operations presently do not intend to use this service.

⁶ As part of the Pacific Bell operator services available to inmate service providers, PSPs will be able to elect, on a non-chargeable bundled basis, among several types of call handling procedures used by our operators. Each OSP has its own unique call handling procedures.

⁷ This would include features like billed number screening. See the response to Question 2 for an answer to this subpart.

Mr. James Schlichting
March 20, 1997
Page Four

In addition, certain non-chargeable elections are available to independent PSPs on a bundled basis with some basic payphone services. In Pacific Bell's and Nevada Bell's territories, PSPs can elect to have certain services for smart sets provisioned to unblock international calls ("International Direct Distance Calling," or IDDD (Pacific Bell Sheet 476.2.1, and Nevada Bell Sheet 61.2)). In addition, in Pacific Bell territory, PSPs can elect to have 10XXX selective blocking (blocking of domestic 10XXX 1+ calls and international 10XXX 011+ calls) provisioned on bothway basic COPT service (Sheet 476.5.2). Our payphone operations presently do not intend to use either option.

Finally, international call blocking of direct dialed 011 + and 10XXX 011+ calls is available at no charge to all PSPs in both Pacific Bell and Nevada Bell territory. It has been federally tariffed since October 1996. (See tariff sheets, Attachments 3 and 4)

3. Under questions 1 and 2, did you file both chargeable and non-chargeable options as features and functions? If not, what features and functions are available that are not in the interstate tariffs? These features and functions should include those that are payphone related.

Response: No, we did not file any options for the reasons explained in our response to question number 2.

4. Did you file both existing features and functions as well as new features and functions?

No. There were no new features or functions. See Response to Question 2, above, for existing features or functions.

The Commission also has asked us to distinguish between "elections" of features on a payphone line and unbundled elements. An elective feature is a feature available on a payphone line, but for which there has been no separate tariffed price and the cost of which has not been separated from the cost of the line. Although customers elect whether or not they will make use of the functionality, the state has determined as a matter of policy that the feature will not be unbundled, *i.e.*, the feature will not be priced separately and the cost will not be removed from the basic price of the line. In contrast, where the feature is "unbundled," the feature is separately costed and a price established. The price sometimes may be so close to zero that a zero

Mr. James Schlichting
March 20, 1997
Page Five

price point is selected, but in all cases the cost of the function is removed (unbundled) from the basic line and recovered from those using the feature.

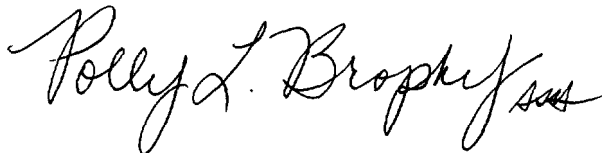
Ignoring this difference either will result in federal pricing that is consistently higher than state rates, or produce federally-mandated unbundling not contemplated by the payphone order. If an option had to be separately tariffed at the federal level, and cost studies showed that there was sufficient cost to justify a charge, anyone choosing the federal rates would pay more than state rates. The basic bundled line would continue with the same price at the state level, as the Payphone Reconsideration Order⁸ allows states to regulate basic, bundled line prices. Anyone taking the basic line under state tariff would make the election at no charge. But there would be a federal option of taking the election at some federally tariffed rate that is higher than zero. Who would ever choose to pay for the feature when it is included as part of the bundled state line?

Alternatively, one could posit that the cost of the election had to be deducted from the price of the basic payphone line, thereby unbundling the price of the option from the price of the line. But that imposes mandatory unbundling of the feature, where the state has chosen *not* to require unbundling -- and raises the question of where the new rate for the basic line should be filed (in the state or federal arena). It is also inconsistent with the Order's decision not to require additional unbundling except as required under Computer III/ONA.

Finally, it could turn out that the federally tariffed rate is zero. If this is the case, the only effect of federal tariffing would be to require Pacific Bell and Nevada Bell to conduct cost studies.

Should you have further questions or comments, please feel free to contact me at (213) 975-3287 or Sherry Herauf at (202) 383-6424.

Very truly yours,

A handwritten signature in cursive script, reading "Polly L. Brophy". The signature is written in dark ink and is positioned above the typed name.

Polly L. Brophy
Senior Counsel

⁸ Id. at para. 163.

Mr. James Schlichting
March 20, 1997
Page Six

Attachments

cc: Mr. Richard Welch, Chief, Policy and Program Planning Division
Mr. Christopher Heimann, Policy and Program Planning Division
Mr. John Muleta, Chief, Enforcement Division
Ms. Rose Crellin, Enforcement Division
Ms. Judy Nitsche, Chief, Tariff Price Analysis Branch
Mr. Steve Funkhouser, Tariff Price Analysis Branch

- Based on the following guiding principles we believe that our Federal tariffing requirements for unbundled elements have been met.
- Guiding principles:
 - Network based services
 - Payphone specific
 - Used by the LEC PSP

Justification for the guiding principles:

...“LECs provide tariffed we payphone services to independent payphone providers that they provide to their own payphone operations.” Recon para 162

...“states could require further unbundling of payphone services than those required in the Report and Order.” Recon para 162

“LECs must provide tariffed, nondiscriminatory basic specific payphone services that enable independent providers to offer payphone services using either instrument - implemented smart payphones or dumb payphones that utilize central office coin services, or some combination of the two in a manner similar to the LECS.” Recon para 162

...“any basic network services or unbundled features used by a LEC’s operations to provide payphone services must be similarly available to independent payphone providers on a nondiscriminatory, tariffed basis.” Recon para 162

“LECs must file intrastate tariffs for these payphone services and any unbundled features they provide to their own payphone services.” Recon para 163

“Any basic network services or unbundled features used by a LEC’s operations to provide payphone services must be similarly available to independent payphone providers on a nondiscriminatory, tariffed basis and must be tariffed in the state and federal jurisdiction.” Recon para 263

The following Pacific Bell network based services are bundled in the line.***				
Services	SMART Line with "dumb set"	DUMB Line with "smart set"	INMATE SMART Line with "dumb set"	INMATE DUMB Line with "smart set"
Measured Service		X		X
Flat Rate Service	X		X	
Billed Number Screening	X	X	X	X
Call Blocking (various types) *	X	X	X	X
Direct dial sent paid International Call Blocking direct dialed sent paid (or unblocking "IDDD")		X		X
ANI Codes	X	X	X	X
Coin Control	X		X	
Coin Collect & Return	X		X	
Call Rating	X		X	
Incoming & Outgoing Service	X	X		X
Outgoing Only	X	X	X	X
10XXX Selective Blocking **		X		
Footnotes on the following page				

The following Nevada Bell network based services are bundled in the line. ***				
Services	SMART Line with "dumb set"	DUMB Line with "smart set"	INMATE SMART Line with "dumb set"	INMATE DUMB Line with "smart set"
Measured Service	X	X	N/A	X
Flat Rate Service *	X	X	N/A	X
Billed Number Screening	X	X	N/A	X
Call Blocking (various types) **	X	X	N/A	X
Direct dial sent paid International Call Blocking direct dialed sent paid (or unblocking "IDDD")		X	N/A	X
ANI Codes	X	X	N/A	X
Coin Control	X		N/A	
Coin Collect & Return	X		N/A	
Call Rating	X		N/A	
Incoming & Outgoing Service	X	X	N/A	X
Outgoing Only	X	X	N/A	X
Touch Tone	X	X	N/A	X
Analog loop line side answer supervision		X		
Line Side Answer Supervision		X		
Footnotes on the following page				

Attachment I

* Flat rate offered only where measured rate is not available				
N/A - Nevada Bell does not provide Inmate Smart lines				
** All 976 calls blocked. Other types of calls may be blocked				
based on type of service ordered. e.g. COPT Charge A Call or Inmate service.				
*** All these bundled services may be used by any PSP.				
Our PSP does not anticipate IDDD or 10XXX selective blocking				

DEFINITIONS

Measured Service	The PSP is charged for local calls on a per call basis	
Flat Rate Service	All local and directory assistance usage is bundled in with the line rate	
Billed Number Screening	Feature to deny alternate billed calls to the payphone line	
Call Blocking (various types) *	Blocking various types of calls, depending on type of service ordered.	
International Call Blocking (or unblocking)	Blocking (or unblocking) of 1+ outgoing international calls	
ANI Codes	Coin indicator ANI 27, or Alternately Billed only ANI 07	
Coin Control	Coin is collected and counted; call allowed to complete	
Coin Collect & Return	Operator ability to release coins	
Call Rating	Rating the coin sent paid call for the end user	
Incoming & Outgoing Service	Incoming & outgoing calls permitted	
Outgoing Only	No incoming calls allowed	
Analog loop	Normal service is analog ground start to begin call signaling changed to loop start signaling.	
Line Side Answer Supervision	Allows originating call to determine the terminating end of the call has answered and billing begins.	
* All 976 calls blocked. Other types of calls may be blocked based on type of service ordered e.g., COPT Charge-A-Call or Inmate Services.		

Examples of unbundled services that could be used with Payphone services but do not meet the Guiding Principles						
Services	Network Based	Payphone Specific	Used By LEC PSP	Used By IPP	State Tariffed	Federally Tariffed
Coin Refund**		X				
Answer Supervision	X			*X	X	
Installation & Maintenance Line			X	X	X	
Installation & Maintenance Set		X	X			
Repair Reporting			X	X		
Commissions Process		X	X			
Directory Listings			X	X	X	
Operator Services			X	X		
*Approximately 3 lines subscribed						
** Coin refund will be performed by our PSP subject to appropriate accounting rules and will not be offered by our regulated operations						

Attachment I

Examples of unbundled services that could be used with Payphones but do not meet the Guiding Principles		
	Why not tarified in the StateTariff	Why not tarified in the Federal Tariff
Answer Supervision		b & c
Installations & Maintenance Line	a & b	a & b
Repair Reporting	a & b	a & b
Commissions Process	a	a
Directory Listings		a & b
Operator Service		a & b
a = Not network based		
b = Not Pay Phone Specific		
c = Not used by own Pay Phone		

ANSWER SUPERVISION

5.11 ANSWER SUPERVISION PROVISIONS (Cont'd)

5.11.2 ANSWER SUPERVISION

A. DESCRIPTION

1. Answer Supervision

Answer Supervision gives the subscriber a signal, delivered on the line for confirmation that the called party has answered the call by going "off hook". This signal can be used by the terminal equipment connected to the calling party's line to determine that the call has entered the talking state and that charging may commence.

Answer Supervision is a provisional tariff and will be subject to modifications or terminate only upon explicit approval from the CPUC and notification to all affected parties.

(X)
 1
 (X)

B. TERRITORY

1. Answer supervision will only be furnished where facilities and operating conditions permit.
2. Answer supervision requires the purchase of the Voice Grade - Line - Circuit Switched basic serving arrangement.

C. REGULATIONS

1. Utility Obligations

a. General

- (1) The limitation of the Utility's liability is set forth in Schedule Cal.P.U.C. No. 22.1.14, Rule No. 14.

D. RATES AND CHARGES

	<u>Installation</u> <u>Charge</u>	<u>Monthly</u> <u>Rate</u>	<u>UNSC</u>
(1) Answer supervision - per line	\$10.00	\$5.75	ANSVR

Continued

ACCESS SERVICE

13. Additional Engineering, Additional Labor and Miscellaneous Services
(Cont'd)13.3 Miscellaneous Services (Cont'd)13.3.13 International Blocking Service

C

(A) Service Description

International Blocking Service is an optional end user feature available, where facilities permit, in Telephone Company electronic end offices. This feature will block consumers from direct-dialing international calls via the preselected or presubscribed interexchange carrier (011+) on designated telephones, where technically feasible. International Blocking Service will also block customers from over-riding the preselected interexchange carrier when dialing direct-dialed international calls (10XXX 011+) from designated telephones, where technically feasible.

C

C

This feature provides end office blocking of direct-dialed 011+ and 10XXX+011+ calls by routing such calls to a recorded announcement. It is available for line side services offered in the Telephone Company's local or general exchange tariffs that are provided either to aggregator or non-aggregator business customers.

C

C

- An aggregator is defined as any person that, in the ordinary course of its operations, makes telephones available to the public or to transient users of its premises, for interstate telephone calls using a provider of operator services.

N

- A non-aggregator is any other business customer.

N

(B) Rates and Charges

This is a nonchargeable service. For any service order changes required when a service is initiated or subsequently changed, a nonrecurring charge for a service order change will apply as set forth in Section 5.2.2(C), preceding.

ACCESS SERVICE

13. Additional Engineering, Additional Labor and Miscellaneous Services13.3 Miscellaneous Services (Cont'd)13.3.0 International Blocking Service(A) Service Description

International Blocking Service is an optional end user feature available, where facilities permit, in Telephone Company electronic and offices. This feature will block consumers from direct-dialing international calls via the preselected or prescribed interexchange carrier (011+) on designated telephones, where technically feasible. International Blocking Service will also block customers from over-riding the preselected interexchange carrier when dialing direct-dialed international calls (10XXX 011+) from designated telephones, where technically feasible.

This feature provides end office blocking of direct-dialed 011+ and 10XXX+011+ calls by routing such calls to a recorded announcement. It is available for line side services offered in the Telephone Company's local or general exchange tariffs that are provided either to aggregator or non-aggregator business customers.

An aggregator is defined as any person that, in the ordinary course of its operations, makes telephones available to the public or to transient users of its premises, for interstate telephone calls using a provider of operator services.

Non-aggregator business customers are all other business customers.

- (B) This is a nonchargeable option when ordered with the primary service. When ordered as an option to existing service, a miscellaneous service order charge will apply. For charges associated with these miscellaneous changes, see section 13.